

GENEX MINES LIMITED

264-5914
Turner

Annual Report

Sylvan Harris

For the Year Ended December 31, 1964

GENEX MINES LIMITED

MINE OFFICE BOX 677 TIMMINS, ONT

GENEX MINES LIMITED

The "C" ore zone on the 125 foot level of the Genex property in Godfrey Township, Timmins, has been opened up for a length of 92 feet. Face samples over this distance have averaged 2.945% copper across drift widths, while muck samples have returned a grade of 2.05% copper. Assay results of two drift faces and muck samples for the two respective rounds have not been received as yet, but visual inspection would indicate a grade comparable to the above averages.

Test holes bored into the drift walls have returned ore grade, with one hole assaying .05 and .12 oz. of gold. A slash drilled into the north wall of the drift at this point has opened up heavy, massive chalcopryite across the face and on the wall. No assays have been received from this section as yet.

The drifts are being driven east and west from the "C" Drive North, approximately 600 feet north of the shaft. They follow a bearing of N 25°- W, S 25°- E, along the footwall of the zone which showed a width of 45 feet in the "C" Drive-North. In general, the structure thus far exposed exhibits strong stringers of chalcopryite, and sections of massive chalcopryite which compares favourably to the high grade occurrence in the "H" ore zone to the south.

Timmins, Ontario.
July 25th, 1965

J.P. Jewell
Mining Geologist

GENEX MINES LIMITED

357 Bay Street - - - Toronto 1, Canada

Incorporated under the laws of the Province of Ontario



OFFICERS:

W. J. LAWSON	- - - - -	President
A. B. WHITELAW	- - - - -	Vice-President
W. M. MACINTOSH	- - - - -	Secretary-Treasurer



BOARD OF DIRECTORS:

W. J. LAWSON	- - - - -	Toronto, Ont.
A. B. WHITELAW	- - - - -	Toronto, Ont.
A. H. BLACKBURN	- - - - -	Toronto, Ont.
E. D. HINCH	- - - - -	Toronto, Ont.
W. G. CHIP	- - - - -	Toronto, Ont.



TRANSFER AGENT AND REGISTRAR:

EASTERN & CHARTERED TRUST COMPANY

1901 Yonge St., Toronto 7



AUDITORS

NEFF, GOODWIN & CO.

Toronto

GENEX MINES LIMITED

Room 906 - 357 Bay Street

TORONTO 1, Canada

Directors' Report

June 4, 1965.

To the Shareholders of
GENEX MINES LIMITED.

Your Directors herewith submit the Annual Report of the Company, together with the Financial Statement for the year ended December 31, 1964 and the Auditors' Report thereon.

The Agreement between your Company and Maple Bay Copper Mines Limited with respect to patented mining claims in the Township of Godfrey, dated the 12th of May, 1964 and approved at the Meeting of Shareholders of June 15, 1964, was duly carried out and the major exploration and development work during the past year has been carried out by your Company on the group acquired under this Agreement. The work was under the direction of J. P. Jewell, the Company's Consulting Geologist and his report dated June 1, 1965 is appended hereto. The Directors of the Company are encouraged by the results to date and the recommendations of Mr. Jewell for continued development are being carried out.

The Company's original zinc properties in Hess Township have been maintained in good standing.

In Note (1) to the audited Financial Statement, reference is made to outstanding options in respect of 800,000 shares at December 31, 1964. During the year 1965 to date, 600,000 of the said optioned shares have been taken up and paid for, for a total of \$165,000.00.

The Directors record with sorrow, the death in April, 1965 of C. H. Walker, Q.C., a Director of the Company and Counsel for many years. His advice will be greatly missed.

On behalf of the Board,

W. J. LAWSON,
President.

GENEX MINING

Balance Sheet as

ASSETS

Cash	\$	27,091.05	
Deposit under shaft sinking contract (note 3)		33,455.00	
Shares in another mining company — at cost less proceeds of sales		13,518.10	
 Mining properties — at cost:			
Hess Township claims	\$170,404.03		
Dufresnoy Township claims	10,040.00		
Godfrey Township claims	75,000.00	255,444.03	
 Buildings and equipment:			
at Hess Township property — at cost less disposals and amounts written off		259,640.93	
 Deferred expenditure:			
Exploration and development:			
Hess Township	\$197,685.85		
Dufresnoy Township	22,200.37		
Godfrey Township	152,989.46		
	<u>\$372,875.68</u>		
Administration and general	158,599.39	531,475.07	
		<u>\$ 1,120,624.18</u>	

- NOTES: (1) During the year ended December 31, 1964, the Company issued 1,200,000 shares of capital stock for \$230,000.00 cash and 500,000 shares of capital stock, valued by the directors at 15 cents per share for mining claims. Options are outstanding at December 31, 1964, on 800,000 shares of capital stock at prices from 22½ cents per share to 40 cents per share exercisable over a period of twelve months from December 4, 1964.
- (2) Repayment of this loan is to be made from 50% of the operating profit after commencement of production from the Geneva Lake (Hess Township) claims.
- (3) The Company has entered into a contract for the sinking of a development shaft at the Godfrey Township property, at an estimated cost of \$80,000.00. A deposit of \$50,000.00 has been paid, against which billings to December 31, 1964 of \$16,545.00 have been applied.

ES LIMITED

December 31, 1964

LIABILITIES

Accounts payable		\$ 5,887.79
Loan payable (note 2)		73,500.00
Capital stock:		
Authorized: 6,000,000 shares of \$1.00 each	\$ 6,000,000.00	
Issued and fully paid: 4,062,001 shares	\$ 4,062,001.00	
Less: Discount on shares	3,462,589.42	
	\$ 599,411.58	
Contributed surplus	589,572.55	
	\$ 1,188,984.13	
Deficit	147,747.74	1,041,236.39

Approved on behalf of the Board:

W. J. LAWSON, Director.

A. B. WHITELAW, Director.

\$ 1,120,624.18

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Genex Mines Limited as at December 31, 1964, and the statements of deficit and deferred expenditure for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above balance sheet and attached statements of deficit and deferred expenditure present fairly the financial position of the Company as at December 31, 1964, and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, Canada,
May 5, 1965.

NEFF, GOODWIN & CO.,
Chartered Accountants.

GENEX MINES LIMITED

Statement of Deferred Exploration and Development Expenditure

For the Year Ended December 31, 1964

Hess Township claims:

Balance, December 31, 1963		\$194,399.77
Caretakers wages	\$ 1,800.00	
Compensation and unemployment insurance	172.62	
Acreage taxes	88.04	
Engineering report	1,100.00	
Travel	125.42	3,286.08
		<hr/>
Balance, December 31, 1964		\$197,685.85

Dufresnoy Township claims:

Balance, December 31, 1963		\$ 21,981.25
Licenses and taxes	\$ 215.00	
General expense	4.12	219.12
		<hr/>
Balance, December 31, 1964		\$ 22,200.37

Godfrey Township claims:

Line cutting		\$ 2,070.00
Geophysical survey		9,500.00
Diamond drilling		73,868.00
Roads and camp clearing		16,701.25
Shaft sinking		9,475.00
Camp buildings		17,563.02
Equipment and tools		5,610.78
Travel and transportation		6,651.89
Engineering fees		6,950.00
Board and general camp expense		1,760.08
Assaying		1,734.52
Insurance, compensation, etc.		516.53
Telephone, maps and licenses		588.39
		<hr/>
Balance, December 31, 1964		\$152,989.46

Statement of Deficit

For the Year Ended December 31, 1964

Balance, December 31, 1963		\$124,325.79
Add: Robb Township option written off:		
Acquisition cost	\$ 5,000.00	
Exploration expenditure	18,421.95	23,421.95
		<hr/>
Balance, December 31, 1964		\$147,747.74

GENEX MINES LIMITED

Statement of Deferred Administration and General Expenditure

For the Year Ended December 31, 1964

Balance, December 31, 1963		\$149,003.63
Head office services	\$ 2,700.00	
Legal and audit fees	4,180.00	
Financing and share issue expense	2,448.45	
Directors fees	150.00	
Meetings and reports	330.41	
Government fees and taxes	110.00	
General expenses	138.90	
	<u>\$ 10,057.76</u>	
Less: Interest earned	462.00	9,595.76
Balance, December 31, 1964		<u>\$158,599.39</u>

Statement of Source and Application of Funds

For the Year Ended December 31, 1964

Source:			
Sale of 1,200,000 shares of capital stock			\$230,000.00
Application:			
Deposit with shaft sinking contractor	\$50,000.00		
Less: Billed by contractor	16,545.00	\$ 33,455.00	
Exploration expenditure		156,494.66	
Administration expenditure		9,595.76	199,545.42
Balance representing increase in working capital as set out below			<u>\$ 30,454.58</u>
	December 31,		
	1963	1964	
Cash	\$ 182.13	\$ 27,091.05	
Accounts payable	9,433.45	5,887.79	
Working capital	<u>\$ (9,251.32)</u>	<u>\$ 21,203.26</u>	<u>\$ 30,454.58</u>

REPORT OF EXPLORATION ON
GENEX MINES LIMITED
GODFREY TOWNSHIP, ONTARIO
DURING 1964

With the discovery of the unique base metal deposit of Texas Gulf Sulphur, and the improvement in the future of copper metal, activity in the Timmins area was revived, and the Directors of Genex Mines Limited commenced a program of exploration on their Godfrey township property in the Kamiskotia area.

Between the period of May 15th and December 31st, 1964, an induced polarization geophysical survey (I.P.) was carried out over the entire claim block, 21,681 feet of A.X.T. diamond drilling was bored, and after the necessary buildings and headframe were erected, a mining plant was installed and 39 feet of vertical shaft was sunk.

GEOPHYSICAL SURVEY:

The I.P. Survey was conducted by Huntex Limited of Toronto. A total of 10.1 line miles were surveyed over the claim group. The "gradient array" was used for reconnaissance and outlining anomalies and detailing was carried out by the "three electrode array" method. Four anomalies were indicated in this survey, the most important being designated as the "A-1" anomaly, representing the main structure of the property, and the "B" anomaly lying 550 feet to the west.

DIAMOND DRILLING:

Continental Diamond Drilling Company Limited bored a total of 64 holes, representing 21,681 feet of drilling. For the greater part of the program, two drill rigs were used. To explore the area between the previously drilled "H" and "C" zones, referred to as the "A" zone, 13,060 feet of diamond drilling was completed, 5,058 feet were bored into the "B" anomaly, while 3,563 feet of drilling investigated the other two indicated areas, as interpreted in geophysical work.

RESULTS OF EXPLORATION:

Diamond drilling of the "A" zone completed this year, was successful in indicating 129,410 tons of copper ore existing between the previously drilled "C" and "H" zones. Utilizing the tonnage estimates calculated for the "C" and "H" zones, the total indicated and inferred tonnage of the deposit is placed at 519,202 tons of copper ore with a grade of 1.95% copper. Exploration of the "B" zone during the program disclosed an interesting structure with good possibilities of enhancing the mine-making potential of the property. Three of the drill holes in this area returned ore grade over mining widths, with several other holes encountering lower grade material over the same widths. This zone could be explored by underground development from the present shaft area. The widespread copper mineralization intersected in the diamond drilling, and the recognized difficulty in interpreting the drill results, because of the many factors localizing the deposits, indicated that the full potential of the property could only be appraised by underground exploration. After the completion of the diamond drilling in October, the decision to provide funds for underground development was made. Preparations for shaft sinking were underway in the latter part of November.

SHAFT WORK:

A 55 foot headframe was erected and a two-compartment shaft was collared. It had reached a depth of 39' by the end of the year. The shaft site was positioned to be in close access to the copper deposit at the upper horizons. Although designed for an exploration shaft, it can be converted to a production opening, easily handling 300 tons daily.

INTERIM REPORT ON UNDERGROUND DEVELOPMENT TO JUNE 1st, 1965:

Since January 1st, 1965, when the shaft was at a depth of 39 feet, the following advances have been made toward developing the deposit underground: the shaft has been sunk to 277 feet with stations established at the 125 and 250-foot levels; a total of 1,384 feet of lateral development was completed; and 2,120 feet of AXT diamond drilling was bored.

On April 1st, the Company leased the plant and equipment from the shaft contractors and is now conducting its own development work.

The underground development program provides for opening up the copper structures by driving south to the "H" zone and north to the "C" zone, affording openings for diamond drilling the intervening area representing the "A" zone. To date, on the 125-foot level, where more than 75% of the exploration has been carried on, the "H" zone has been reached, a drift north has been driven 401 feet toward the "C" area and three "shoots" lying within the "A" zone have been encountered and partially opened up. The development schedule is to locate the different ore "shoots" in the drifting operation, then at a later date block them out in detail, giving priority at this time to the exploratory headings.

In this manner four copper zones have been partially opened up on the first level:

- A. The "H" zone has been encountered in the S-Dr-West, and muck samples for a drift length of 55 feet averaged 5.48% copper.
- B. The "A" shear-west intersected in the shaft X-Cut has been followed for a length of about 80 feet and muck samples indicated a grade in the 2.50% copper range. This method of sampling also suggests a higher gold content, with several samples returning \$7.00 to \$7.70. Further development on this occurrence will investigate the extension north and south where it appears to strike into the drift walls.
- C. Several diamond drill holes have encountered copper mineralization in a pyrite zone, 90 feet east of the above-described occurrence. Hole 1-7 returned 46 feet which assayed slightly under 1.00% copper (0.98%). The zone contained higher sections, one of which assayed 1.78% copper over 7.5'. Zinc values were also present — one 15-foot section returned 2.37% zinc. A drift, designated as E-Dr-N has been driven to investigate this occurrence, and at this writing has been drifted on for a length of 55 feet. Muck samples have ranged from 0.96% to 1.63% copper, with about 1.50% zinc. Diamond drill intersections in advance of the heading suggest that the zone has been displaced to the west, or swings sharply in that direction.
- D. At a point 325 feet north, the drift heading to the "C" zone encountered a pyritic zone. Three X-Cut rounds were driven east into it which showed more copper mineralization than exposed in the drift. Back and wall sample returns received thus far assayed copper values of 3.20%, 1.64%, 2.96%, 0.11%, 0.59% and 0.09%, with a low zinc value. Gold values ran from \$0.70 to \$2.10. The relationship of this zone to that encountered in the E-Dr-N has not been established at this time, but further development should clarify this.

Results of the underground development, although still in the preliminary stage, would appear to vindicate the decision to open up the copper deposit on the Genex property by underground exploration. The pattern of the copper occurrences is becoming apparent, as is the significance of ore intersections encountered in the diamond drilling. The importance of the gold content, as well as zinc mineralization can now be more readily evaluated. If subsequent development responds as well as that thus far carried out, it would appear that the surface diamond drill indications of 519,202 tons will be realized, with an improvement in the copper grade of the deposits as well as adding to the gold and zinc content of the ore.

Immediate plans call for diamond drilling on the 250-foot level, continuing the drive to the "C" zone on the first level, then operate headings on both levels, with the development on the 125-foot level well in advance of the lower horizon.

J. P. JEWELL,
Mining Geologist.

Timmins, Ontario,
June 1st, 1965.

STATEMENT OF WORK

The purpose of this statement is to define the scope of work for the project. It is intended to provide a clear understanding of the project goals, objectives, and deliverables. This document will serve as a reference for all project activities and will be used to track progress and ensure that the project is completed on time and within budget.

The project is divided into several phases, each with its own set of tasks and deliverables. The phases are: Planning, Design, Development, Testing, and Deployment. Each phase will be completed sequentially, with the output of one phase serving as the input for the next.

The project will be managed using a project management tool that allows for the creation of a project plan, the assignment of tasks to team members, and the tracking of progress. The project manager will be responsible for ensuring that the project is completed on time and within budget, and for communicating the project status to the stakeholders.

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